



MINUTES
COHASSET PUBLIC UTILITY BOARD
305 NW FIRST AVENUE, COHASSET, MN 55721
MONDAY, FEBRUARY 05, 2024 – 12:00 P.M.

1. **Call to Order:** Chair Rachel Graf called the meeting to order at 12:00p.m.

2. **Roll Call**

Present: CPUB Members Rachel Graf, Jack Yates, Ernie Braunschweig, Delbert Anderson, Jim Mahon, Romona Sjostrand, and Barbara Baird

Absent with Notice: None

Ex-Officio Members: Terry Bartz, Councilor; Max Peters, City Administrator; Andy Haarklau, Councilor; Andy MacDonell, Mayor

Others: None

3. **Approve the Agenda**

Additions: None

Deletions: None

A motion was made by member Barbara Baird to approve February 5, 2024 agenda as written. Member Ernie Braunschweig seconded the motion. Voting in favor: CPUB Members Rachel Graf, Ernie Braunschweig, Jim Mahon, Jack Yates, Delbert Anderson, Ramona Sjostrand, and Barbara Baird; Voting against: None; Absent: None; Motion carried.

4. **Resident Input:** None

5. **Approve the January 8, 2024 CPUB Minutes**

A motion was made by member Jim Mahon to approve January 8, 2024 minutes as written. Member Delbert Anderson seconded the motion. Voting in favor: CPUB Members Rachel Graf, Ernie Braunschweig, Jim Mahon, Jack Yates, Delbert Anderson, Ramona Sjostrand, and Barbara Baird; Voting against: None; Absent: None; Motion carried.

6. **Cohasset Public Utility Board Members re-appointment**

Chair Rachel Graf shared the approval of reappointment for Jim Mahon and Delbert Anderson on the Cohasset Public Utility Board. Jim Mahon and Delbert Anderson took their oath to serve as a Cohasset Public Utility Board Member for a 3 year term.

7. Chair, Vice Chair, and Secretary Positions are up for nomination for February 5th, 2024 meeting

Rachel Graf presented that it is time to make the annual nomination for the CPUB Chair, Vice-Chair, and Secretary, following a recommendation to Cohasset City Council for appointment.

Rachel stated that she will be stepping down from being Chair for the CPUB for personal reasons.

Ernie Braunschweig nominated Jack Yates to be Chair, Jim Mahon nominated Barbara Baird to be Vice Chair, and Rachel Graf nominated Ramona Sjostrand to be Secretary for the Cohasset Public Utility Board.

A motion was made by Chair Rachel Graf to appoint Jack Yates as Chair, Barbara Baird to Vice Chair, and Ramona Sjostrand to Secretary. Member Jack Yates seconded the motion. Voting in favor: CPUB Members Rachel Graf, Ernie Braunschweig, Jim Mahon, Jack Yates, Delbert Anderson, Ramona Sjostrand, and Barbara Baird; Voting against: None; Absent: None; Motion carried.

8. City of Cohasset Tax Base/MN Power Presentation by City Administrator, Max Peters

City Administrator, Max Peters, began with sharing updates within the City of Cohasset.

Legislature has been seeking actions against MN Boswell and power plant industries. Max opened with the residential concerns of Boswell closing and the impact on the tax base for Cohasset. In 2016, Boswell accounted for 70% of the tax base. After reviewing what has happened with the shutdown of units, in 2018 \$3M was lost in tax capacity. In 2018, there was \$13M in tax capacity and our levy was just under \$4M, which is a 29% tax capacity to levy percent. Max stated that the tax capacity has been between 18-39% in the last 10 years. Based on the last RFP, the closing of Boswell could cause tax rates to go from 29%, which is one of the lowest in the state to 95%, which is one of the highest in the state. City taxes would more than triple if Boswell closed entirely. Boswell makes up 25% of the county tax base and 13% of the school tax base, resulting in increases across the board for the residents of Cohasset. Levy is over \$4M which wouldn't be possible if it wasn't for this power plant. Max spoke on if the City does nothing, this will make for a concerning economic future for Cohasset. Currently working to be as fiscally responsible as we can with the funds available to us through the tax levy and utility funding. The first approach Cohasset will take is requesting State and Federal funding. Local Government Aid, is another option that has been incorporated into the plan, if necessary. Max spoke on the Iron Range Fiscal Disparities and that it is funded through the economic developments in our region, between here and St. Louis County. We currently contribute well over \$1M to the Iron Range Fiscal Disparities right now.

Max proceeded to discuss that economic development projects have been full force since 2015; investments in the industrial park, Tioga Recreational, Tax Increment Financing opportunities with ISCDC, and the Riverfront Project. The City had planned that if all the projects would've went through, as they were planned, the City would've replaced Boswell units 1 and 2 tax base. Max stated that Cohasset is part of the Coalition of Utility Cities, which consists of approx. 10 cities in MN that supports Power Plants. This coalition has assisted in requesting for transition aid, transition grants, and state bonding. We received the transition aid and transition grants but we did not receive any of the bonding funds. MN Boswell is expected to lose units 1 and 2 this year, which will allow us to be eligible for the transition aid grants. Transition aid would allow us to collect the full amount lost in tax base from Boswell for year one and for the next 20 years we drop by 5% each year. When Boswell closes unit 3 and 4, we should be able to obtain more funding at that time. A source of funding from Iron Range Fiscal Disparities would be an option to assist during that time, as well. This presentation is to educate the CPUB in thinking about ways to help offset the challenges that the City of Cohasset is looking at. Barbara Baird asked if there has been any discussion with MN Power about alternative options. Max said the RFP for MN Power was 6 months ago, but they do have a project in the works to try and refuel the power plant, with another source of power than coal.

Max says that we are currently seeking \$2.4M to alleviate the risk of sending money back to the federal government. Riverfront projects have been all approved for permitting, but we lost our developer and are trying to figure that out right now. Discussions are in progress with new developers.

Max shared that Grand Rapids and Cohasset each have a Cannabis Production business that will employ 200-400 people in our county. There are plans in action to expansion in the Industrial park with Northland Machine, MN Technologies, and a third business is in the works right now.

Ernie Braunschweig asked Max about the lots owned by the City of Cohasset along the river. Max shared that the plan is for this to be a 50-75 unit, 3-4 story living quarters for 55+ community. He said there are many living around the Pokegama lakes that are looking for a smaller homes with lower maintenance, but hoping to stay near a waterway.

9. Utility Rate Presentation by City Administrator, Max Peters

Max shared two charts from our annual audit, which displayed that six out of the last twenty years we have met operating expenses. He shared that there was a \$22.5k loss in water and \$6k for sewer last year. MN Rural Water did an analysis of the comparable community costs for water and sewer. Based on the analysis, the City of Cohasset is right in the middle for the pricing chart. Max shared he will be recommending to City Council, an increase of water and sewer rate from \$8.90/thousand gallons to \$9.59/thousand gallons. The next request is to switch from a single class to split commercial and residential rates. This would include commercial rates to be increased from \$8.90/ thousand gallons to \$10.23/thousand gallons. CPUB member asked if there is a projected income that will come with the increase after making this adjustment, Max said that this increase for residential is just to help break even. Max wasn't sure on what the increase would provide for the increase on the commercial rates.

10. Greater Grand Rapids Cable Commission CPUB Member

January 9, 2024 the City Council approved Romona Sjostrand as the designated liaison for the Greater Grand Rapids Cable Commission meetings. Reminder that Ernie Braunschweig has volunteered to attend the meeting scheduled May 13, 2024. Rachel Graf and Jack Yates volunteered to be backup for attending the GRACC.

11. Discussion of Accomplishments of 2023

Jack stated upon reviewing the by-laws that had been discussed since March 2023, he shared that CPUB and the City of Cohasset needs to improve the processes going forward. Jack summarized main points of topic throughout the year. In July, there was a water and sewer third party rate discussion, which proceeded in August, but was not approved. In September, involvement of the water and sewer expansion plan going forward. Natural gas expansion in October. The board Bylaws were completed by the end of December. There was some transition between the board members and city staff that was felt to be a partial cause to not accomplishing much beyond Bylaws for the year recap.

12. Discussion of Goals for 2024

Jack state the goals that he had in mind for 2024. First topic was the impacts on the utilities overall with the water and sewer expansion and the Riverfront project. PW/PU Supervisor, Walter Shadley, has been reviewing the cameras and updated that the sewer looks very good, with main improvements being the components such as valves and hydrants.

13. Miscellaneous Business and FYI's

A motion was made by member Jim Mahon to adjourn the meeting. Member Ramona Sjostrand seconded the motion. Voting in favor: CPUB Members Rachel Graf, Ernie Braunschweig, Jim Mahon, Jack Yates, Delbert Anderson, Ramona Sjostrand, and Barbara Baird; Voting against: None; Absent: None; Motion carried.

Member Meeting adjourned at 1:07 p.m.

	1/8/24	2/5/24	3/4/24	4/1/24	5/6/24	6/3/24	7/1/24	8/5/24	9/9/24	10/7/24	11/4/24	12/2/24
C. – R. Graf	P	P										
V. – J. Yates	P	P										
J. Mahon	P	P										
D. Anderson	P	P										
E. Braunschweig	P	P										
B. Baird	P	P										
R. Sjostrand	EA	P										
P: Present NM: No Meeting EA: Excused Absence UA: Unexcused Absence												

Submitted by Assoc. Deputy Clerk Treasurer Sarah Grunwald
 Approved: 3/4/2024